



**Auditor of State
Betty Montgomery**

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - For the Year Ended November 30, 2003	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - For the Year Ended November 30, 2002	4
Notes to the Financial Statement	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Richwood Independent Agricultural Society
Union County
1 Gill St.
Richwood, Ohio 43344

To the Board of Directors:

We have audited the accompanying financial statements of Richwood Independent Agricultural Society (the Society) as of and for the years ended November 30, 2003, and November 30, 2002. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Society prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Society as of November 30, 2003, and November 30, 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2004, on our consideration of the Society's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

This report is intended solely for the information and use of management, the Board of Directors, and other officials authorized to receive this report under §117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 1, 2004

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED NOVEMBER 30, 2003**

	<u>Operating</u>	<u>State and Local</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Taxes	\$ 349	\$ -	\$ 349
Admissions	55,090	-	55,090
Privilege Fees	18,655	-	18,655
Sales	4,960	-	4,960
Racing Fees and Charges	59,942	-	59,942
Utilities	430	-	430
Fees	4,293	-	4,293
Rentals	13,840	-	13,840
State Support	-	36,925	36,925
Local Support	-	20,000	20,000
Restricted Support	6,384	-	6,384
Unrestricted Support	22,051	-	22,051
Investment Income	293	-	293
Total Operating Receipts	<u>186,286</u>	<u>56,925</u>	<u>243,211</u>
Operating Disbursements:			
Salaries and Wages	7,000	-	7,000
Administrative	8,462	-	8,462
Racing Supplies	349	-	349
Supplies	6,153	-	6,153
Utilities	12,297	-	12,297
Racing Supplies	44,725	45,213	89,938
Professional Services	36,148	-	36,148
Property Services	10,072	3,750	13,822
Advertising	2,751	-	2,751
Repairs	4,490	-	4,490
Insurance	9,287	-	9,287
Rent and Lease	7,416	-	7,416
Capital Outlay	7,085	-	7,085
Debt Service	3,880	-	3,880
Senior Fair	27,963	-	27,963
Junior Fair	4,003	4,962	8,965
Miscellaneous	125	-	125
Total Disbursements	<u>192,205</u>	<u>53,925</u>	<u>246,130</u>
Total Receipts Over/(Under) Disbursements	(5,919)	3,000	(2,919)
Fund Cash Balances, December 1	<u>11,984</u>	<u>-</u>	<u>11,984</u>
Fund Cash Balances, November 30	<u>\$ 6,065</u>	<u>\$ 3,000</u>	<u>\$ 9,065</u>

The notes to the financial statement are an integral part of this statement.

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED NOVEMBER 30, 2002**

	<u>Operating</u>	<u>State and Local</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Taxes	\$ 216	\$ -	\$ 216
Admissions	70,138	-	70,138
Privilege Fees	15,834	-	15,834
Sales	4,879	-	4,879
Racing Fees and Charges	74,825	-	74,825
Utilities	350	-	350
Fees	4,579	-	4,579
Rentals	15,854	-	15,854
State Support	-	38,626	38,626
Local Support	-	20,000	20,000
Restricted Support	3,280	-	3,280
Unrestricted Support	19,070	-	19,070
Investment Income	600	-	600
Total Operating Receipts	<u>209,626</u>	<u>58,626</u>	<u>268,253</u>
Operating Disbursements:			
Salaries and Wages	3,000	-	3,000
Administrative	7,773	-	7,773
Racing Supplies	30	-	30
Supplies	9,107	-	9,107
Utilities	11,762	-	11,762
Racing Supplies	65,954	46,436	112,391
Professional Services	54,720	7,500	62,220
Property Services	8,494	-	8,494
Advertising	2,003	-	2,003
Repairs	1,107	-	1,107
Insurance	4,967	-	4,967
Rent and Lease	6,608	-	6,608
Capital Outlay	2,837	-	2,837
Debt Service	4,241	-	4,241
Senior Fair	27,606	-	27,606
Junior Fair	2,875	4,690	7,565
Contest	297	-	297
Miscellaneous	175	-	175
Total Disbursements	<u>213,555</u>	<u>58,626</u>	<u>272,181</u>
Total Receipts Over/(Under) Disbursements	(3,928)	-	(3,928)
Fund Cash Balances, December 1	<u>15,913</u>	<u>-</u>	<u>15,913</u>
Fund Cash Balances, November 30	<u>\$ 11,984</u>	<u>\$ -</u>	<u>\$ 11,984</u>

The notes to the financial statement are an integral part of this statement.

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Richwood Independent Agricultural Society, Union County, Ohio, (the Society) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Society was founded to direct the operation of an annual agricultural fair. The Society sponsors the week-long Richwood Independent Fair during the first weekend of September. Union County is not financially accountable for the Society. The responsibility for management of the affairs of the Society is vested in the Board of Directors. The Board is made up of nineteen directors serving staggered three-year terms, elected from the membership of the Society.

Reporting Entity

The reporting entity includes all activity occurring on the fairgrounds. This includes the annual fair, harness racing during fair week; and other year round activities at the fairgrounds including facility rental, track and stall rental. The reporting entity does not include any other activities or entities of Union County, Ohio.

The Financial activity of the Junior Fair Board and the Junior Livestock Sale Committee is summarized in Note 6 and Note 7, respectively.

The Society's management believes these financial statements present all activities for which the Society is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

The Society maintains its monies in depository accounts.

D. Fund Accounting

The Society uses fund accounting to segregate cash that is restricted as to use. The Society classifies its funds into the following types:

1. Operating Fund

The Operating Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. State and Local Grant Fund

This fund is used to account for proceeds from the State and Union County that are restricted to expenditure for specific purposes.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Restricted Support

Restricted support includes amounts that are required by the donor to be set aside for specific uses.

G. Income Tax Status

The Society is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(v1). Management is not aware of any actions or events that would jeopardize the Society's tax status.

H. Race Purse

Super stake races are conducted during the Richwood Independent Fair. The Society pays all Sustaining and Entry fees and the required portion of the cash received from the Ohio Fairs Fund as Race Purse to winning horses.

Sustaining and Entry Fees

Horse owners and the Western Ohio Colt Association pay fees to the Society to qualify horses for entry into stake races. These payments must be made before a horse can participate in a stake race. These fees are reflected on the accompanying financial statement as Racing Fees and Charges.

Ohio Fairs Fund

The State of Ohio contributes money to the Society from the Ohio Fairs Fund to help supplement race purse. See Note 3 for additional information.

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2003 AND 2002
(Continued)**

2. CASH

The Society maintains a cash pool used by both funds.

The carrying amount of cash at November 30 was as follows:

	2003	2002
Demand deposits	\$3,767	\$1,798
Savings Account	5,298	10,186
Total deposits	\$9,065	\$11,984

Deposits: The bank balance was covered by Federal Depository Insurance Corporation (FDIC)

3. HORSE RACING

State Support Portion of Purse

Ohio Fairs Fund money received to supplement purse for the year ended November 30, 2003 was \$24,384 and is included within State Support on the accompanying financial statement.

Parimutuel Wagering

The Society does not record the Total Amount Bet or the Payoff to Bettors in the accompany financial statements, rather, it records the Parimutuel Wagering Commission (commission) which is the Society's share of total parimutuel wagers after paying winning bettors in the Racing fees and charges line item on the financial statements. The expenses of providing the parimutuel wagering system are called Tote Services, and these expenses are included in Professional Service Disbursements. State taxes, which are also paid from Parimutuel Wagering Commission, are also reflected in Professional Service Disbursements, and the amount remaining is the Society's net portion.

	2003	2002
Total Amount Bet (Handle)	\$ 24,926	\$ 39,469
Less: Payoff to Bettors	(19,785)	(31,749)
Parimutuel Wagering Commission	5,141	7,720
Tote Service Set Up Fee	(200)	(300)
Tote Service Commission	(2,509)	(3,858)
State Tax	(758)	(989)
Society Portion	\$ 1,674	\$ 2,573

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2003 AND 2002
(Continued)**

4. DEBT

Debt outstanding at November 30, was as follows:

	Principal		Interest Rate
	2003		
Mortgage Loan	\$40,000		8%

The \$50,000 Mortgage Loan bears an interest rate of 8% and is due to the Richwood Banking Company. The loan was entered into on April 22, 1998 and matures April 22, 2018. Proceeds of the loan were used to purchase the land. The loan is secured by the land purchased.

Amortization of the above debt, including interest is scheduled as follows:

Year ending November 30:	Mortgage Loan
2004	\$5,500
2005	5,300
2006	5,100
2007	4,900
2008	4,700
2009 - 2018	36,000
Total	\$61,500

5. RISK MANAGEMENT

The Richwood Independent Agricultural Society maintains a general insurance coverage for all the buildings on the Richwood Independent Fairgrounds pursuant to Ohio Revised Code § 1711.24. General liability and vehicle coverage is provided by the Ohio Fair Participating Plan with limits of \$3,000,000 and \$1,000,000 aggregate. This policy includes crime coverage for employee dishonesty with limits of liability of \$2,000,000. Property coverage is provided up to \$360,960. The Society's general manager is bonded with coverage of \$30,000.

6. JUNIOR FAIR BOARD

The Junior Fair Board, which is comprised of 4-H, FFA, Boy Scout, Girl Scout, and Farm Bureau Youth organization representatives, is responsible for the Junior Fair Division activities of the Richwood Independent Fair. The Society disbursed \$8,965 and \$ 7,565, directly to vendors to support Junior Fair activities in 2003 and 2002. These expenses are reflected as a disbursement in the accompanying financial statements as Junior Fair Disbursement. The Society was reimbursed \$ 4,209 and \$4,640 in 2003 and 2002 by Union County for its support of Junior Club work. All Junior Fair Board activity is accounted for in a separate account by the Junior Fair Board. The accompanying financial statement does not include the activities of the Junior Fair Board. The Junior Fair Board's financial activity for the years ended November 30, 2003 and 2002 follow:

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
NOVEMBER 30, 2003 AND 2002
(Continued)**

6. JUNIOR FAIR BOARD (Continued)

Beginning Cash Balance - 2003	\$ 3,279
Receipts	3,100
Disbursements	<u>(3,000)</u>
Ending Cash Balance - 2003	<u>\$ 3,379</u>
Beginning Cash Balance - 2002	\$ 3,679
Receipts	3,820
Disbursements	<u>(4,220)</u>
Ending Cash Balance - 2002	<u>\$ 3,279</u>

7. JUNIOR LIVESTOCK SALE COMMITTEE

The Junior Livestock Committee is a separate committee charged with running the Junior Livestock Auction. This auction is held during fair week. Children may sell their animals directly to market or through the Society's auction. Monies to cover the cost of the auction are generated through a 2 1/2% commission and are retained by the Junior Livestock Committee. The accompanying financial statements do not include the activities of the Junior Livestock Committee. The Junior Livestock Committee's financial activity for the years ended November 30, 2003 and November 30, 2002 follows:

2003	
Beginning Cash Balance	\$ 851
Receipts	136,217
Disbursements	<u>(133,428)</u>
Ending Cash Balance	<u>\$ 3,640</u>
2002	
Beginning Cash Balance	\$ 4,693
Receipts	124,347
Disbursements	<u>(128,189)</u>
Ending Cash Balance	<u>\$ 851</u>

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Richwood Independent Agricultural Society
Union County
1 Gill St.
Richwood, Ohio 4334

To the Board of Directors:

We have audited the financial statements of Richwood Independent Agricultural Society (the Society) as of and for the years ended November 30, 2003, and November 30, 2002, and have issued our report thereon dated September 1, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Society's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Society's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Society in a separate letter dated September 1, 2004.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Richwood Independent Agricultural Society
Union County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 1, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**RICHWOOD INDEPENDENT AGRICULTURAL SOCIETY
UNION COUNTY**

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 23, 2004**